

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



1.7822  
Fr2582

WAR FOOD ADMINISTRATION  
Office of Marketing Services  
Washington, D.C.

Statement of A. Setrakian President of Raisin Producers Assn.,  
at the California Grape & Raisin Industry Conference  
held in Washington, D . C. on April 30, 1945

Mr. Chairman, We meet today to consider the development of such a 1945 Raisin Program under which requirements for raisins may be properly met.

In order to discuss and consider the 1945 Raisin situation we believe it is only good business that we explore the 1944 raisin program with the lamp of experience.

The 1944 profit-sharing program was founded on the fundamentals of "Justice and Fair Play". The 1944 program aimed to correct the injustices of 1942 and 1943 programs, and give to all raisin variety grape growers "Small or Big" the same measure of equity. It was not a perfect program. We doubt if any one man, or group of men, can conceive and formulate a perfect program for an agricultural commodity such as grapes which enjoy 4 major outlets and each outlet begging and bidding against the other for its utilization.

No--the 1944 Raisin Program was not perfect--the 1944 Program was Decent .  
Decent - - because,

- (1) It provided to our armed forces and our allies their needed requirements for raisins.
- (2) It provided our civilian population with a reasonably ample supply of raisins.

We do not agree with some who have continuously and consistently stated that too large a tonnage of raisins was allotted for the use of our civilian population. During these terrible times where shortages of nutritious foods were so apparent throughout our nation, the supply of raisins undoubtedly proved not only very helpful, but added much to the health of the nation.

The raisin producers of California accepted the challenge of our government to make the maximum tonnage of raisins in 1943, and produced 401,000 tons. In 1944 our government asked the raisin producers to produce 306,000 tons. We missed by one ton and produced 307,000 tons.

The records will prove that the raisin producers - through production of 708,000 tons of raisins during the year of 1943 and 1944 wrote one of the most brilliant chapters of loyalty in the history of American Agriculture.

True, much was said and much was written to confuse and bewilder the minds of raisin producers. Raisin producers laughed at the faces of the persons who were planting the poisonous seed of confusion for their personal gains, and did the job of producing raisins - and did it well. The 1944 program was conceived and formulated with great care and serious consideration. The fundamentals of the 1944 program met the wholehearted approval of such outstanding leaders as Ray B. Wiser, President, Farm Bureau; Dr. Harry Wellman, of Giannini Foundation; Jesse W. Tapp former Acting Food Administrator; W.N. Keeler, General Manager of Sun Maid; O.M. Davis, head of the Grange, in the area where the raisins are produced. The 1944 Raisin Program was very simple and not complicated. It provided:-

JUN 20 1945



- (a) An equitable support price.
- (b) It provided that whatever raisin variety grape was not dried into raisins be sold to the best advantage of raisin growers and the profits be divided equitably to all raisin variety grape growers.

This profit-sharing feature was specifically inserted in the 1944 Program in order to correct the terrible injustice to which the honest raisin grape growers were subject to in 1942, and clarified the profit-sharing situation which was not clearly contained in the 1943 Raisin Program. Of course, we all know what took place in 1944. The Government's requirements for raisins were fully met. A profit of \$9,000,000 was realized from the sale of some 165,000 tons of raisin variety grapes. The incentive payment of \$10.00 per ton to raisin makers has been made. Some \$6,000,000 now is ready to be distributed to all raisin variety grape growers on the basis of \$4.30 per fresh ton or \$17.20 per dry ton.

The distribution of this \$6,000,000 is withheld because of action filed against the Commodity Credit Corporation by a hand-full of Muscat growers whose total production is less than 1% of California's production of raisin variety grapes.

The 1944 Raisin Program has been called a "Communal", I presume, that means Communistic and Socialistic program. It is, of course, to be sincerely regretted that certain persons, either through greed and selfishness, or because the money they are paid for having made a hobby of twisting and distorting facts and to use the most unwarranted, reckless, loose and intemperate language to criticize a program which was conceived and formulated for the purpose of giving all the raisin variety grape growers a yard stick with which to measure their economic happiness equitably.

Now, the question comes up - what sort of a 1945 program we should have in order to be able to produce the needed requirements for raisins and treat all raisin variety grape growers equitably. The Directors of the Raisin Producers Association have considered the 1945 raisin situation with serious care. We were appointed as collaborators in November, 1942. At the first meeting when we met and organized, knowing what had taken place in 1942 under Order 201-M where some grapes were permitted to be shipped fresh and others to be dried. We unanimously resolved that the only way government's requirements for raisins could be properly met was through an all-out conversion program. We have not changed our mind one bit.

The performance of 1943 and 1944 programs prove most conclusively that there is one, and only one way, to deliver to our government the tonnages of raisins they want - and that is through a Regulatory Order - if that is not done everything else must be considered purely as guess work.

The members of the Raisin Producers Association met on March 17, 1945 and again on April 12, 1945, and agreed unanimously on the following declaration:-

- (1) That the only sure way to secure government's 1945 needs of raisins is through an all-out conversion program.
- (2) That the only program through which all raisin variety grape growers can receive a fair and equitable treatment is a profit-sharing program like that of 1944.



The Directors of the RPA unanimously believe that the raisin producers will not support the continuance of Order 17 unless the 1944 profit of \$6,000,000, the payment of which is now withheld, is immediately distributed equitably to all raisin variety grape growers.

We are here today to discuss and consider a very important matter.

Therefore, we must let our hair down and approach this discussion with foresight, with courage, and with frankness. Thousands of raisin producers entered into an agreement with Commodity Credit Corporation for the performance of the 1944 Program in which division and distribution of profits was specified in the most clear and understandable English.

Now, we are told that this money cannot be distributed because some growers have filed action against the CCC. We said in our letter of March 17th directed to C.W. Kitchen, Director of the Office of Marketing Services, War Food Administration and I quote:-

"We are not going to trespass upon the grounds of propriety and discuss the merits of the pending suit, that is for the courts to determine."

We maintain the same stand today.

Naturally, while because of our lack of knowledge in law, we cannot discuss the legal merits of the suit, we can, however, discuss and will discuss the grounds upon which this suit has been instituted. We believe this is necessary because of its direct and positive relation to the 1945 raisin situation.

In a memorandum prepared by the Muscat protestants in September, 1944, it was stated that "Although technically the Muscat Grape is designated as a raisin variety in practice, it is a wine grape, and in the past has been so used". That anyone having any knowledge of the industry could make such a statement almost passes belief. Let the record speak for itself. During the years '39, '40, '41, and '42 36% of the total production of Muscat variety grapes were made into raisins. For the same period 76% of the total production of seedless variety grapes were dried. Of the total production of Muscat Grapes for the years 1939 to 1944 inclusive, 49% were dried into raisins. For the same period, of the total production of Thompsons 83% were dried into raisins.

Historically, fresh grapes going into interstate or winery consumption has always been controlled by that price which raisin packers paid for Thompsons, Sultanas and Muscat raisins.

Now, the proponents of this law suit claim that Muscat variety grapes are recognized as Juice grapes.

This presentation of mine today is the fifth consecutive presentation in Washington. In 1941 Government gave to the raisin producers a support price of \$70.00 for Muscat and \$75.00 for Thompson raisins.

I am just wondering what would have been the attitude of the Muscat grape producers if the government had said at that time that your grapes are not raisin variety grapes because you dispose a larger tonnage through winery and interstate outlets than raisins. Unquestionably the very men that today so boldly say that their



grapes should be considered as wine grapes and excluded from Order 17 and that they should enjoy all the profits realized from the sale of Muscat variety grapes - would have been the first ones to blast Washington officials through congressmen and senators - and rightfully so - for such an unfair attitude.

We go on record and state right now, and time will prove that we are absolutely correct, that when this honeymoon is over and when normal times come back again, and when a raisin support price is needed, the Muscat men who are now crying to high heavens and seeking special privileges will be again in the front begging and pleading that the Muscat variety grapes also be given the chance to enjoy the support price.

We say this because as in the past, also in the future, that which will control and regulate the price on all raisin variety grapes, regardless of channel of distribution will be the price obtained by the grower for raisins. The proponents of this law suit state that they should enjoy all the profits from Muscat sales alone because their grapes mostly were disposed of through the winery outlets.

Well, the records do not agree with this statement either. Again - let the facts speak for themselves - in 1939, 70,000 tons fresh Muscats and 68,000 tons of Thompsons; in 1940, 165,000 tons Muscats and 195,000 tons Thompsons; in 1941 127,000 tons Muscats - 211,000 tons of Thompsons; in 1942, 45,000 tons Muscats 43,500 tons Thompsons; in 1943, 13,000 tons of Muscats and 19,300 Thompsons; and in 1944, 78,000 Muscats and 59,700 Thompsons went to wine. The reason which in the past prompted many growers to choose the wine outlet was not because they were getting more money, no, the reason was because it was difficult and at times very risky to dry Muscat grapes in some territories.

It was for that very reason that Mr. John Dodds, Washington official, connected with War Food Administration, stated on June 14, 1944 - "Growers living in a district where there is more weather risk in drying, or growers who have raisin variety grapes that cannot be as easily or as quickly dried as some other type will be given preference on their application not to dry their grapes."

Not a single grower, whether he was Muscat or Suntana or Thompson seedless producer, have been ever told at any stage of harvesting season that if he placed his grapes on trays his raisins would not be accepted.

On the contrary, the insurance feature of 1944 raisin program guaranteed every raisin variety grape grower the support price of raisins regardless of when he picked his grapes and placed them on the trays, or regardless of how much damage the grapes had received through inclement weather conditions.

The small group of persons and their spearhead, who most viciously and ruthlessly attacked the 1944 program made a major issue - the depriving of the American public from the use of Muscat grapes for food purposes.

It has always been ununderstandable and unexplainable how the president and the manager and some other directors of a grape service association attempted through pamphlets, through huge newspaper ads, telegrams, chain letters, spread such a false propaganda. Everyone of them knew that this sort of a statement was not true. The facts are this - - - for a period of 13 years, from 1930 to 1942 inclusive, 53,310 cars of Muscat grapes were shipped out of California. The average annual shipment was 3,870 cars.



Out of this huge tonnage shipped out of California 509 cars of Muscats were used as table grapes and the remaining tonnage was crushed in private cellars for the purpose of making home-made wine. Let us forget about these 13 years. Let us see what happened in 1944, where the spearhead of this opposition shed bitter tears that the housewife's preserving kettle and the American public did not have Muscat grapes to eat and enjoy the nutritional food vitamins contained in table Muscat grapes. Some of the directors of this service association recognized as the large table grape growers and shippers through letters and wires demanded that the shipment of Muscat grapes be permitted so that the American public would enjoy this health-giving food. These same persons shipped hundreds of cars of Muscat grapes out of California. In fact, during the year of 1944 in excess of 1,400,000 boxes of Muscat table grapes were shipped out of California. Gov't records show not a single box of Muscat was shipped out of Calif. as table grapes. They were all crushed in someones cellar for wine. This whole issue depriving the American public Muscat grapes as food was injected for the purpose of confusing and bewildering the public mind and breaking the 1944 program.

In the face of existing records the directors of RPA rightfully believe that if a 1945 raisin program is made effective for the purpose of furnishing our government with its requirements of raisins, the Muscat and Sultana variety grapes which have from time immemorial been accepted as raisin variety grapes must be included in the order and no special privileges be extended to these varieties. The directors of RPA have at all times seriously considered whether under any other program, except an all-out conversion and profit-sharing program, could the requirements of our government be met. While 1943 and 1944 have been severely critisized by a small group, yet to date, no one has been able to present another program which would do the job.

True, for months this small group which attacked 1944 Raisin program and baptized it as a socialistic program presented only one plan, which is the so-called percentage plan. This percentage plan was advocated through press, letters, telegrams, pamphlets, huge ads and radio.

We kept on telling them that the percentage plan was impractical. They would not listen. It was only after the crop was harvested, the raisins were made, that the spearhead saw the light and stated at the Chicago convention that much of the things he had said were the result of the enthusiasm of youth and also declared on March 26, 1945 at the Modesta conference, regarding the percentage plan - "I know it won't work" and further stated that he wanted no part of the administration of such a program.

We feel morally obligated to remind the government officials that if a 1945 regulatory raisin program is placed into effect the same opposition which disregarded the fundamentals of truth and correct reporting may be there again to attack the program. If a 1945 regulatory order is placed into effect government must be prepared to enforce the carrying-out of the program, even though this requires the placing of an inspector on a 24-hour basis in every packing house, shipping shed, and winery in the San Joaquin Valley - for only by strict enforcement can any industry program be entirely equitable to all concerned.

Again we state that if the government finds that it cannot make distribution of the 1944 profits at this time, or if it finds that it cannot include in the 1945 program all three varieties of raisin grapes on a profit-sharing basis, or if it finds it is not in a position to carry on the enforcement of such a program as it should be carried out, then the question arises as to whether or not under any other



arrangement - short of a regulatory program - can there be produced reasonably sufficient raisins to meet government's requirements, civilian and military.

After months of discussion, serious and careful consideration, we have been unable to find any other procedure which would completely guarantee such production.

In order to keep the records clear, we state now that the feeding of our civilian population is just as of a great importance as the supplying of other outlets. Not only that, at any given year, and Washington should know this - if the civilian outlet is not amply supplied with raisins it will indeed have a disastrous effect on the grape industry as a whole in subsequent years.

Now the question comes up, if government finds it unable to place a 1945 regulatory program into effect - what is the next best move?

It is the opinion of the Board, arrived at after long and careful consideration, that the next best procedure would be the establishment of a support price for raisins in relation with prices obtained by growers who sell raisin grapes to other outlets. How many raisins can be obtained on such a basis will, of course, depend upon how close this relationship is.

Because of the necessity of declaring a support price in as short a time as possible we believe at this time the support price should be \$200.00 on Thompsons and Sultanas, and \$215.00 on Muscats - leaving the door open for further negotiations if it develops that other grapes sold by growers through other outlets bring prices much higher than these support prices.

We have stated before and we state now with all the emphasis, that unless the raisin ceiling established on raisin growers is lifted the making of raisins in 1945 will meet serious difficulties. It is very important that we take a historical glance at this ceiling situation. The raisin ceiling was established upon growers in 1942, 1943 and 1944.

It worked fairly well in 1942. During the latter part of 1943 season the practice of bootlegging and blackmarketing became very prevalent. With the passing of 1943 we were hopeful that steps would be taken to either wipe out this dishonest practice of bootlegging and blackmarketing, or if that was impossible to take the ceiling off of the growers.

That was not done.

And today it is common knowledge that many raisin growers and packers, through collusion have violated the ceiling flagrantly and saturated the raisin producing area with the sin of bootlegging and blackmarketing. Our plea for lifting the ceiling is not based on the reasoning that through this method the growers will be able to realize more money. On the contrary, what we are very apprehensive of is the army of honest growers who have for two years watched and seen their neighbors through this or that method of collusion sell their raisins at a higher price and are so fed up that we believe they will resent and hesitate in making raisins. We cannot understand, while on one hand the grower of table grapes and juice grapes is permitted to dispose his products through winery and fresh outlet, without a grower ceiling, yet on the other hand the producer of raisins is forced to suffer an established ceiling.



We understand that some raisin packers are advocating the idea of allocation of raisins. We object to any scheme of allocation to processors because: -

- (a) It will prove unenforcible.
- (b) It will make some of the processors suffer unwarranted hardships.
- (c) It will deprive the raisin producers from the right to deal with the packer he chooses.
- (d) Unquestionably if this scheme of allocation is adopted it will contain the well-known hardship clause.

The hardship clause will open the gate to the new avenue of the evil practice of blackmarketing.

The board believes that in order to protect the raisins from weather damage and thus secure the acquisition of as many properly dried raisins as possible, deliveries should be required to be completed by January 15, 1946.



